

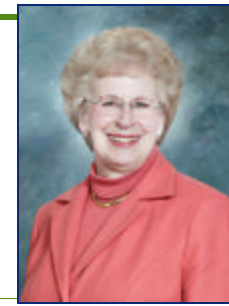


state senator
Beverly Gard

2005 LEGISLATIVE UPDATE

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state senator
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2005 LEGISLATIVE UPDATE

School Funding: Dollars and Sense

Indiana has had a long history of strong financial support for education, spanning several administrations. In 2003, during a national recession, our state had the highest increase of K-12 funding in the country. Funding for public education is our top priority and by far the largest part of our state budget.

The explosion in school spending was due in part to an antiquated method of funding education. For many years, the Legislature has funded school districts on the basis of a "minimum guarantee." This process abandons our focus on individual children by giving every school district a guaranteed increase in public funding. The result is that children are treated unequally and costs are soaring.

The use of a minimum guarantee for school corporations has reached the point where 263 out of 295 school corporations are now operating without regard to how many children are enrolled in their schools. Some corporations have lost 30 percent of their

enrollment in the last six years but have seen their funding per child increase by as much as 75 percent. Meanwhile, corporations with growing enrollments currently are receiving less than full funding for each new enrollee.

In lieu of this old-fashioned method, we have created a standard amount of funding for every child while allocating additional money for children who have multiple needs. If a school corporation grows and adds children, that basic level of funding should be provided for each additional child. Our focus needs to be on the approximately one million children we are funding, rather than on corporations.

The Senate's school funding plan recognizes that every child deserves a foundation of funding. The formula first determines an amount needed for the "basic" education of each child. Additional funding is disbursed based on other needs and achievements. For example, each child who requires special education would receive additional money, just as school districts would receive money for

every student who completes the academic honors diploma.

The formula also includes a "complexity index" that designates additional funding for children who fall into the following five categories: children who qualify for free lunch; children in a home with a single parent; children in a home of poverty; children who have limited English proficiency (LEP); and children from a home where one parent has less than a high school education. If a child qualifies in more than one category, that child gets funding for each category in which he or she qualifies. This ensures that the formula focuses funding on the individual child, making the process more equitable.

In the future, if we find that it costs more to educate a certain child (for example, one with LEP) we can simply add money to the LEP portion of the formula. This will ensure that all our children will receive the best education possible.

FACTS & FIGURES

FROM THE 2005 LEGISLATIVE SESSION

The First Regular Session of the 114th General Assembly began on Organization Day, November 16, 2004, and adjourned April 29, 2005.

This budget year was known as the "long" session.

Senate bills introduced: 647
Senate joint resolutions introduced: 10

Senate bills passed: 164
Senate joint resolutions passed: 1

House bills introduced: 859
House joint resolutions introduced: 18

House bills passed: 85
House joint resolutions passed: 1

Percent of introduced bills that were sent to the governor: 17%

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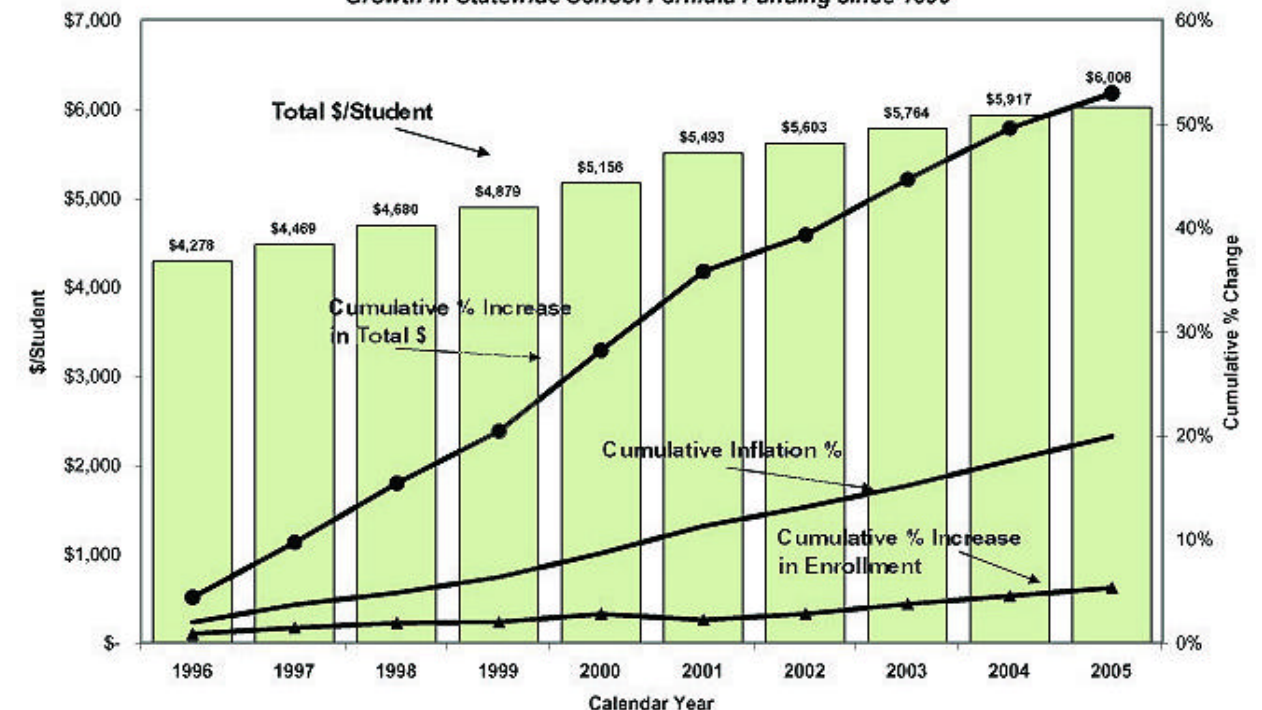


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Indiana K-12 School Funding
Growth in Statewide School Formula Funding since 1996





Sen. Gard recognizes 14-year-old Jhordan Logan, who was recently inducted into the Hall of Fame for Caring Americans.

Budget Lays Framework For the Next Two Years

The Indiana General Assembly has passed a balanced two-year state budget that holds the line on spending, eliminates the structural deficit, adds no new state taxes, provides \$4 billion in property tax replacement credits and adds \$112.4 million to K-12 education.

Senate Republicans voted to control state spending while boosting funding for K-12 education, scholarships for higher education and child protection. Medicaid funding is held to a 5 percent increase. This is in contrast to the 10 percent growth experienced during the current biennium.

The passage of this budget is quite an accomplishment. To overcome a \$600 million structural deficit and end up with reserves — all without new state taxes — is no small feat.

Additionally, the state is distributing to local governments \$4 billion in property tax replacement credits (PTRC), in an effort to provide relief to homeowners and other property taxpayers. Local governments and schools keep 99.9 percent of all property taxes, which are levied by local governments and schools.

The new budget is a prescription for positive change in Indiana. It is the first balanced budget crafted by legislators in 10 years. I strongly support efforts to keep spending down while providing adequate funding for essential services.

HEA 1038 and SEA 378 — HEA 1038 requires state vehicles to use cleaner, more efficient biodiesel fuel whenever possible. SEA 378 expands tax credits granted to plants who produce this fuel. **PASSED. My vote: YES**

Much Accomplished in 2005

The General Assembly addressed some issues that will have a big impact on Hoosiers.

Elections — We worked hard this session to give voters confidence that our elections will be fair, open and honest. One new law tightens restrictions on obtaining absentee ballots. The bill does not make registering to vote more difficult; it simply creates new safeguards to protect the rights of honest absentee voters. We also passed legislation that will require voters to show a government-issued picture ID (such as a driver's license or state ID card). Without proof of identification, it is easy for fraudulent voters to use different names at different times on Election Day. Considering recent nationwide voting problems, and some within Indiana, this is a common-sense step to help prevent fraud.



Stadium/Convention Center — The legislature overwhelmingly passed a funding package for the stadium/convention center project. The Indiana Convention Center has attracted many big-name conventions over the years; however, limited facilities have become a problem. Three top conventions have left town, and a few more are shopping around. One of the conventions that has left, the Performance Racing Industry (PRI), brought \$26 million in direct spending every year. According to the Pricewaterhouse-Coopers study, an expanded convention center could attract 18 to 23 major conventions and four or five consumer shows per year with an annual economic impact of \$165 million. The study suggests that the expansion could create 2,700 new jobs.

A new stadium also serves as a venue for many other activities that bring millions to the region. Last year, more than 1.3 million people visited the stadium for entertainment activities of all kinds. One such activity, NCAA basketball, contributes \$63.3 million annually for events related to March Madness.

Education — This year, the General Assembly moved the kindergarten enrollment date to include children who turn five no later than August 1 of the 2006-2007 school year.

A bill passed this session eases funding restrictions on charter schools in order to give

them few of the same opportunities afforded to other public schools. Charter schools are state-funded public schools that operate free of many state regulations, but are accountable for their results in the same manner as traditional public schools.

Another important initiative requires students, beginning in 2008-2009, to complete the Core 40 curriculum in order to graduate from high school. This program of study requires no additional credits but calls for fewer electives and more math, science and social studies classes.

DST — In the highly competitive market for new business, Indiana is voluntarily putting itself at a disadvantage for economic growth because of our time issue. There are several notable examples of businesses rejecting Indiana because of the DST issue. Kohl's built a large distribution center in Cincinnati rather than Indiana because of our time situation. Confusion about Indiana's time costs Celadon, an Indianapolis-based trucking company that employs 800 people, \$250,000 per year in missed or late shipments. Geographically, Indiana is in a prime position to be a hub for the distribution industry. By joining the 47 other states who observe DST, Indiana has eliminated a major hindrance to job growth in this and other industries.

Medicaid — The Senate considers the Medicaid program one of the state's most important services and plans to identify ways to improve the program, while keeping it fiscally sound. We want to make sure that Medicaid remains a program exclusively for those who are truly poor and in need of services. In order to meet the 5-percent funding increase, we needed to evaluate program requirements and make adjustments.

One of the key elements involved with lowering the cost of Medicaid is long-term health care insurance. This insurance can save Hoosier taxpayers a significant amount of money. For more information on the Indiana Long Term Health Care Insurance Program, visit www.longtermcareinsurance.in.gov.

HEA 1501 — This bill establishes the position of inspector general, an employee of the governor, who works to weed out corruption. Years of scandal in previous administrations cost the state at least \$25 million; we may never know the full extent of mispending. **PASSED. My vote: YES**

Working to Improve Indiana's Environment

As chairman of the Senate Energy and Environmental Affairs Committee, I have the responsibility of overseeing policy that comes to the Senate to protect our public health and environment while, at the same time, trying to balance the financial impact to our economic base.

This year I fought to stop a proposal that would have set Indiana back years in its efforts to protect public health and the environment. A state representative proposed to stop the Indiana Department of Environmental Management (IDEM) from enacting environmental rules that are more strict than federal regulations.

Although it may look good on the surface for the industrial trade groups promoting the proposal, this is the worst environmental legislation I have seen in my years as committee chairman. This measure would impede future efforts to protect people's health from threats that the U.S. Environmental Protection Agency cannot foresee. If enacted, this idea would take away Indiana's authority and responsibility to protect its citizens.

Federal environmental standards, like most federal laws, are meant to be a minimum. When it is in Hoosiers' best interests, IDEM should be able to create tighter guidelines. For example, when researchers found that manufacturers in the Elkhart area were releasing some of the highest levels of cancer-causing agents in the country, the Indiana Air Pollution Control Board adopted a rule requiring better pollution controls, training and record keeping. There was a similar situation with lead emissions from smelters.

Fortunately for residents of Indiana, I was able to stop the proposal in the final days of the legislative session. If this onerous proposal is revived in future sessions, I will continue to fight against it.

Series of Changes Makes Indiana Open for Business

This year, lawmakers faced the difficult task of pulling Indiana out of a fiscal crisis. While much of that was done in the crafting of the two-year budget, the only permanent way to ensure financial stability is by creating more jobs and putting more money in Hoosiers' pockets.

To create this economic development, the General Assembly combined ideas from the governor with plans from both the Senate and the House of Representatives. These initiatives came in the form of Senate Enrolled Acts 1 and 496.

These two laws contain dozens of provisions that make the state more attractive to companies looking to relocate, existing businesses wishing to expand and entrepreneurs looking for an incentive to start a business.

One of the most important ideas was a sales tax break for research and development equipment. This will encourage high-tech, innovative jobs that help improve a state's well-being and reputation. Following the governor's lead, the General Assembly also took particular interest in the motor racing industry. SEA 1 includes provisions that exempt professional motor racing parts from sales tax and adds "professional motor vehicle racing" to the list of businesses that qualify for the

SEA 223 — This bill allows a person to have his or her blood type printed on a license, permit, or identification card. This could help in emergency situations, as health care providers would be able to determine a person's blood type without having to run tests. **PASSED. My vote: YES**

SEA 56 — This bill creates the Department of Homeland Security (DHS) in order to coordinate the state's safety measures under a central entity. Currently, nine different entities deal with homeland security. **PASSED. My vote: YES**

SEA 15 — This bill requires that absentee voters receive a "voter's bill of rights" that will provide them with the information they need to properly cast their vote. It also establishes penalties for certain election fraud offenses. **PASSED. My vote: YES**



Sen. Gard introduces Environmental Protection Agency Administrator Steven Johnson (right), while Gov. Mitch Daniels looks on. Sen. Gard is chairwoman of the Energy and Environmental Affairs Committee.

Early this year, I was asked to testify before the Clean Air, Climate Change and Nuclear Safety Subcommittee of the U.S. Senate Committee on Environment and Public Works in support of Clear Skies, the President's clean air initiative.

I urged the members of the panel to work together, irrespective of political party or geography, to pass federal legislation that would call for a multi-pollutant approach to control industrial emissions, including those produced by coal burning power plants.

In my testimony, I explained that it is important to balance the need for cleaner air and water with our responsibility to promote economic growth, jobs and opportunity for the citizens of my state. It is possible to both promote a cleaner environment and ensure a healthy economy.

The Clear Skies multi-emissions control proposal that is supported by the Bush administration strikes this appropriate balance.

The legislation has failed to receive a vote by the U.S. Senate but is now under considered by the U.S. House of Representatives.

Venture Capital Investment Tax Credit. The measure also makes it easier to qualify for credits such as Hoosier Business Investment Tax Credits.

To further develop agriculture, the legislature created the Indiana State Department of Agriculture and consolidated duties that were once scattered across numerous agencies. The move costs Indiana taxpayers no additional money. In fact, we hope it actually saves money by merging the 10 separate agriculture boards and commissions into one large department. We also passed legislation that will encourage the use of our soybean and corn crops in the production of alternative fuels.

In other bills, the General Assembly enabled communities to be "shovel-ready" for property development (HEA 1653), allowed farmers to switch to more lucrative operations (SEA 267) and streamlined the Indiana Economic Development Corporation, which will be responsible for recruiting outside business (HEA 1003).

The 2005 session of the General Assembly may be remembered as one of the most important and aggressive sessions ever for making Indiana open for business.

